

Affordable and Special Needs Housing Consolidated Application

Fall 2019

Application Due Date: October 31, 2019



**VIRGINIA DEPARTMENT OF HOUSING
AND COMMUNITY DEVELOPMENT**
Partners for Better Communities



Affordable & Special Needs Housing (ASNH):

One application but four funding opportunities

Plan year: July 1, 2019 – June 30, 2020

To increase the number of affordable units for special needs populations

Typical type of Assistance

- Deferred principal loans (interest-only)
- 3% interest
- Must pay loans

Goals of ASNH Program

The goal of the Affordable & Special Needs Housing Program is to assist in providing affordable, safe housing for low to moderate income families. The program aims to create and preserve affordable housing throughout the Commonwealth of Virginia.

Overall goals of the program are:

- I. Rehabilitation of Affordable Housing
- II. Construction of Affordable Housing
- III. Preservation of Affordable Housing
- IV. Increase the amount of Affordable Housing for Special Needs Population
- V. Ensure that state housing policy initiatives are achieved

General Guidelines

- Each project should include no fewer than five units. Projects with less than five units may only apply for the Permanent Supportive Housing funding.
- The maximum amount of funding that can be awarded per project is:
 - i. \$1,200,000 for projects w/o NHTF funds
 - ii. \$2,000,000 for projects w/ NHTF funds
- Project caps INCLUDE awards from previous funding rounds
- **Projects should be ready to begin construction within 6-8 months**

Applicant Entities

Eligible Applicant

Non-profit or for-profit Housing Developer

Project Owner, Developer, or Sponsor

State –Certified CHDOs (Community Housing Development Organizations)

- HOME preference given
- NOT required for homebuyer development



Eligible Applicant

Owner –holds valid title to, or long term leasehold interest in the property

Developer –owns the property and is developing the project, or has a contractual obligation to develop the project

Sponsor –is the owner or partial owner and agrees to convey ownership to a second nonprofit at a predetermined time prior to development or upon completion (*requires consultation with DHCD prior to application*)

Eligible Applicant

- Must be registered in CAMS
- Must be the primary partner in the project
- Must not be the project L.L.C.
- Must be the entity responsible for long-term operations and compliance
- Must be free of outstanding audit or compliance issues

CHDOs

Community Housing Development Organization

- Nonprofit community based housing developers meeting specific board, mission, and capacity requirements
- Must be state-approved
- Given scoring preference for HOME funds
- Documentation MUST be maintained in CAMS
- CHDO certification/re-certification MUST be included in application package

CHDO Projects

Must include residents in management and decision-making

- Tenant Council
- Management Liaison

Projects funded as CHDO projects must remain under the ownership/management of a CHDO for the duration of the affordability period



Developer Capacity

- DHCD must certify developer capacity prior to the commitment of HOME or NHTF resources
- Prior experience developing similar projects is encouraged
- Staff with development experience should be detailed in the application package
- Developers must be currently financially sound
- Non-profit developers **MUST** include their most recent audit, and supply audits throughout the life of the project
- For-profit developers are not required to submit their audits, however, inclusion of their audit may assist in establishing developer capacity

Eligible Projects



Rental or Homebuyer (not NHTF)

Targeting moderate (<80%), low (<60%), and extremely low-income (<30% households

Targeting low-income special needs households

Scattered site okay –units must be under common ownership, management, & financing

Minimum of \$15,000 per unit (or 3 out of 5 major systems) based on total development costs

Special Needs

Projects with special needs units receive scoring preference

Higher maximum assistance (\$800,000) per funding source if some units are targeted to special needs households

Projects are encouraged that will help the state meet the DOJ settlement agreement

- Include a few units targeted to individuals with intellectual/developmental disabilities
- Choice in services and service provider
- Include a set aside of **four or greater** special needs units, and enter into a MOU with either a state or local referring partner. (DBHS, DHS, etc.)

Special Needs

While a special need household may require a 504 unit, 504 units are NOT considered special needs targeted units for the purpose of scoring preference

Special needs units must be reflected in tenant select plan

Special needs units will be reflected in the rent and occupancy reports

Special needs units will be reflected in the program agreement (number and type (e.g., chronic homeless))

Special Needs

Special needs households include at least one individual with a disability (physical, mental, developmental, intellectual)

Elderly housing not necessarily special needs

Vacancy must be listed for 60 days on Virginia Housing Search

Single Room Occupancy (SRO)

- Multiple (at least five) single room units with food prep and/or bathroom facilities (if not in unit must be accessible in building)
- Maximum subsidy (number of separate units x 0-bedroom limit)
- Rents based on 0-bedroom (efficiency) HOME rent limits
- Leases required, program fee agreements are possible

Eligible Costs

Hard costs including land acquisition

Soft project costs

Utility connections

Relocation costs

Up to 18 months of project reserves

Rental Projects

DHCD will determine the number of assisted units

Assisted units must meet all program rules

Rent limits are published annually by HUD (HOME and NHTF)

Rents and Rent Increases must be approved by DHCD

Income Targeting



Applies to “assisted units”

Assisted unit may be a subset of total project units

Assisted units must be at least a proportionate number of units related to amount of assistance

Preference for community integration, de-concentration, and choice of service provider.

Income Targeting

(minimums)

Income Targeting –assisted units	
Source	Income (AMI)
Homebuyer (HOME and VA HTF)	80 percent or below
State Housing Trust Fund	80 percent or below
HOME Rental	60 percent or below
National Housing Trust Fund	30 percent or below

Rental Projects

Rental Projects

Project utility allowances must be determined by using the HUD Utility Schedule Model

The HUD Utility Schedule Model is available here:

<http://www.huduser.org/portal/resources/utilallowance.html>

DHCD will assist in the initial development of project utility allowances

Rental Projects (cont.)

Maximum allowable tenant rent = HUD HOME or NHTF Rent Limit (Low or High) minus applicable utility allowance

Tenant lease for at least one year or under mutual agreement between tenant and landlord

Lease cannot be conditional upon receiving services

Project-based vouchers could allow a project to exceed HOME/NHTF rents

Income Eligibility Restrictions (Assisted Units)

Part 5 (Section 8) income definition

Initial lease full source documentation and verification

Annual recertification required –certified stated income

Full source documentation every 6th year of service

Over income issues

Maximum ASNH Subsidy Limits*

0-Bedroom	\$165,458
1-Bedroom	\$189,675
2-Bedroom	\$230,644
3-Bedroom	\$298,382
4+-Bedroom	\$327,528

**Effective June 4, 2018*

Homeownership Projects

Homebuyer Projects

Limit to HOME and State HTF

All HOME units must be at 80 percent or below AMI

Single family, condos, 2-4 unit attached

Minimum occupancy & affordability requirements

Homebuyer Projects

Must meet DHCD minimum design standards

Sales price cannot exceed 95% of area median sales price

Must be sold (ratified sales contract) within nine months of Certificate of Occupancy

Units not meeting the nine month deadline automatically convert to rental units (with rental requirements applied)

Funding Sources

HOME

- Up to 3% Rate
- 0% for Homeownership Project
- 20 year compliance period for new construction
- 15 year compliance period for rehabilitation
- Interest only payments throughout term of compliance period
- Balloon payment at end of compliance period
- Optional extended affordability period for 15/20 years, during this extended affordability period interest is deferred and principle is forgiven at the end of the term

Affordable and Special Needs (ASNH) Funding Sources

2019 – 2020 ASNH	
Source	Amount
HOME	\$5,287,445
State Housing Trust Fund	\$4,488,000
National Housing Trust Fund	\$3,988,911
State PSH	\$500,000
TOTAL	\$14,264,356

Local Match Requirement

Applicable to the HOME funds

25 percent local match requirement

25% of total ASNH (HOME) program request

Requirement applies to all HOME entitlements and any HOME consortium

Local Match Sources

Local CDBG or HOME

Other federal, state or local funds

Must be funding administered by the local government

Projects involving local CDBG or HOME require state/local coordination

HOME Entitlements and Consortiums – 25 percent Match Required	
Winchester Consortium – including:	Alexandria
Winchester	Chesapeake
Fredrick County	Danville
Page County	Hampton
Clarke County	Lynchburg
Warren County	Newport News
Shenandoah County	Norfolk
Charlottesville Consortium - including	Portsmouth
Charlottesville	Richmond
Albemarle County	Roanoke City
Fluvanna County	Virginia Beach
Greene County	Arlington County
Louisa County	Chesterfield County
Nelson County	Fairfax County -including
New River Consortium – including	Fairfax City
Radford	Falls Church
Giles County	Henrico County
Montgomery County	Prince William County –including
Pulaski County	Manassas
Blacksburg	Manassas Park
Christiansburg	Bristol City (member of Tennessee consortium)
Suffolk Consortium –including	
Suffolk	
Isle of Wight	
Franklin City	
Southampton	

National Housing Trust Fund (NHTF)

- Up to 3% Rate
- **NOT ELIGIBLE** for homeownership project
- 30 year compliance period for new construction
- 30 year compliance period for rehabilitation
- Interest only payments throughout term of compliance period
- Balloon payment w/ optional forgiveness at end of compliance period
- MUST target 30% or below AMI
- Specific “floating” units must be set aside for ELI tenants

Virginia Housing Trust Fund (VHTF)

- Up to 3% Rate
- 20 year compliance period for new construction
- 20 year compliance period for rehabilitation
- Interest only payments throughout term of compliance period
- Balloon payment at end of compliance period
- Optional extended affordability period for 10 years, during this extended affordability period interest is deferred and principle is forgiven at the end of this period
- Homeownership projects are eligible

	HOME	VA -HTF	NHTF	PSH
Total Amount	\$5,287,445	\$4,488,000	\$3,998,911	\$500,000
Project limits	\$700,000/\$800,000	\$700,000/\$800,000	\$700,000/\$800,000	\$500,000
Geographic Targeting	Preference for non-entitlement	Statewide	Statewide	Statewide
Match	25% entitlements	NA	NA	NA
Mix-Income Projects	✓	✓	✓	✓
Homebuyer Projects	✓	✓	NA	NA
Assisted Units (income)	60% or below AMI 80% or below (homebuyer)	80% or below AMI	30% or below AMI	30% or below AMI
Assisted Units (rent limits)	HOME	To be determined	NHTF	To be determined
Affordability	15/20 yrs. Homebuyer (5-20 yrs.)	20 yrs.	30 yrs.	20 yrs.
Groups Homes	Ineligible	Considered –requires pre-application consultation	Ineligible	Considered –requires pre-application consultation

Affordability Period

Affordability Periods by source/activity	
Source/Activity	Years
National HTF	
National HTF (only rental eligible)	30 years
HOME	
HOME Rental New Construction	20 years
HOME Rental Rehabilitation	15 years
HOME Homebuyer (less than \$15,000)*	5 years
HOME Homebuyer (\$15,000 - \$40,000)*	10 years
HOME Homebuyer (more than \$40,000)*	15 years
State HTF/PSH	
State HTF/PSH Rental	20 years
State HTF Homebuyer	5 years

**If only homebuyer developer subsidy resale applies. If DHCD DPA is included in a unit then a recapture provision applies and affordability is based on the amount of DPA only.*

Underwriting

Scoring will be negatively affected if underwriting template is not completed

Must be completed for all projects

Must reflect all requests as applicable (NHTF, State HTF, HOME)

For lines that are not appropriate for your project, leave blank

Required Reporting

Fair Housing

Applies to all assisted projects

Prohibits discrimination in the sale or rental of housing based on race, color, religion, sex, national origin, handicap or familial status

Rental projects are monitored throughout the affordability period for compliance

Furthering Fair Housing

Site and Neighborhood Standards form required for all projects

Must be completed and signed

Must be submitted with project application in CAMS

Environmental Review

Applies to all projects (Phase 1 Environmental must be submitted)

Public notices required for federal funds

Requires a Part 58 review & release of funds(ROF) from HUD for federal funds

No development activity can occur prior to the “release of funds”

Proceeding with development prior to “release of funds” will jeopardize funding

Lead Safe

If applicable projects must assure that:

- Rehab or demolition activities meet lead safe requirements
- Development costs include associated costs
- Homebuyer or tenants will receive notification
- Rental operating costs include costs associated with ongoing maintenance
- Records are maintained to document all measures taken including ongoing maintenance

Uniform Relocation Act

Applies to all projects where development activities will cause temporary or permanent displacement

Applies to displacement of households, businesses, farms, and nonprofits

Notice of intent and survey of occupants must be completed PRIOR to application

Costs must be reflected in the development costs

All projects must submit a completed URA Supplement with a detailed plan as part of the application

Section 3

- Applies to all **federally** assisted projects
- Development activity must be designed to benefit to the greatest degree possible low and very low income persons in the project's service area and the businesses that employ them.
- Impacts developer hiring, contracting, and subcontracting
- Requires public notices, documentation of efforts, and reporting
- Developer **MUST** submit a Section 3 plan as part of the Program Agreement development process
- *Applicants for federal funds **MUST** upload their detailed Section 3 plan as part of the application*
- Annual reporting required in CAMS

504 Requirements

All new construction and most rehab

Common areas must be accessible

At least 5% (not less than one unit) accessible for individuals with mobility impairments

At least 2% (not less than one unit) for individuals with sensory impairment

Must be distributed throughout the building (s) and unit type/size

504 Requirements

While a special need household may require a 504 unit, 504 units are NOT considered special needs targeted units for the purpose of scoring preference

Scoring preference for exceeding the minimum requirement

504 units must be reflected in tenant selection plan

DHCD will monitor initial construction and long-term compliance (that they are built, maintained, and made available)

504 units will be included reflected in the Program Agreement (number and type)

Violence Against Women Act

Designed to provide housing protections to survivors of domestic and dating violence, sexual assault, and stalking

Must provide notice of rights to all tenants

Protection against denials, terminations, and evictions resulting from being a victim of domestic or dating violence or sexual assault

- Allowing to bifurcate a lease
- Allowing an emergency move to a difference unit
- Other examples...

Low-barrier certification process

Rental Monitoring and Compliance

Rental Compliance Monitoring includes verification of:

- Rent and Occupancy Requirements
- Tenant Eligibility
- Property Standards (onsite monitoring)
- Other program regulations: affirmative marketing, fair housing laws, etc.

ASNH Program Funding Process

Due Dates:

- ☐ October 31, 2019
- ☐ March 31, 2020

Review Panel

Review Criteria:

- ☐ Need (40 points)
- ☐ Feasibility (30 points)
- ☐ Capacity (30 points)



Minimum of 60 points (threshold) needed for funding

Funding Process: Threshold Requirements

Submitted by deadline

Submitted in DHCD's Centralized Application and Management System (CAMS)

Complete Application

Eligible Applicant

Eligible Project

No unresolved findings/issues

Minimum of 60 points needed

Need (40 points):

- Market study or needs assessment supports need
- Low vacancy rates in similar projects
- Match between project unit numbers and types and demonstrated need
- Local government, service provider support of need (unit shortage and demand)
- Pipeline of qualified homebuyers
- Meeting priority need (special need units/ extremely low-income/accessible units/green built)
- Preference for non-entitlement projects (For HOME funds)

Feasibility (30 points):

- Other funding committed and documented
- Recent costs estimates
- Appropriate design
- Location near jobs, schools, transportation services
- Reasonable operational costs with cash flow to meet expenses
- Reasonable timeline
- No logistical impediments

Capacity (30 points):

Development team experience with similar projects

Financial soundness of key partners

Property management experienced with similar projects

Lack of or limited/resolved prior issues (performance or compliance)

Funding Process

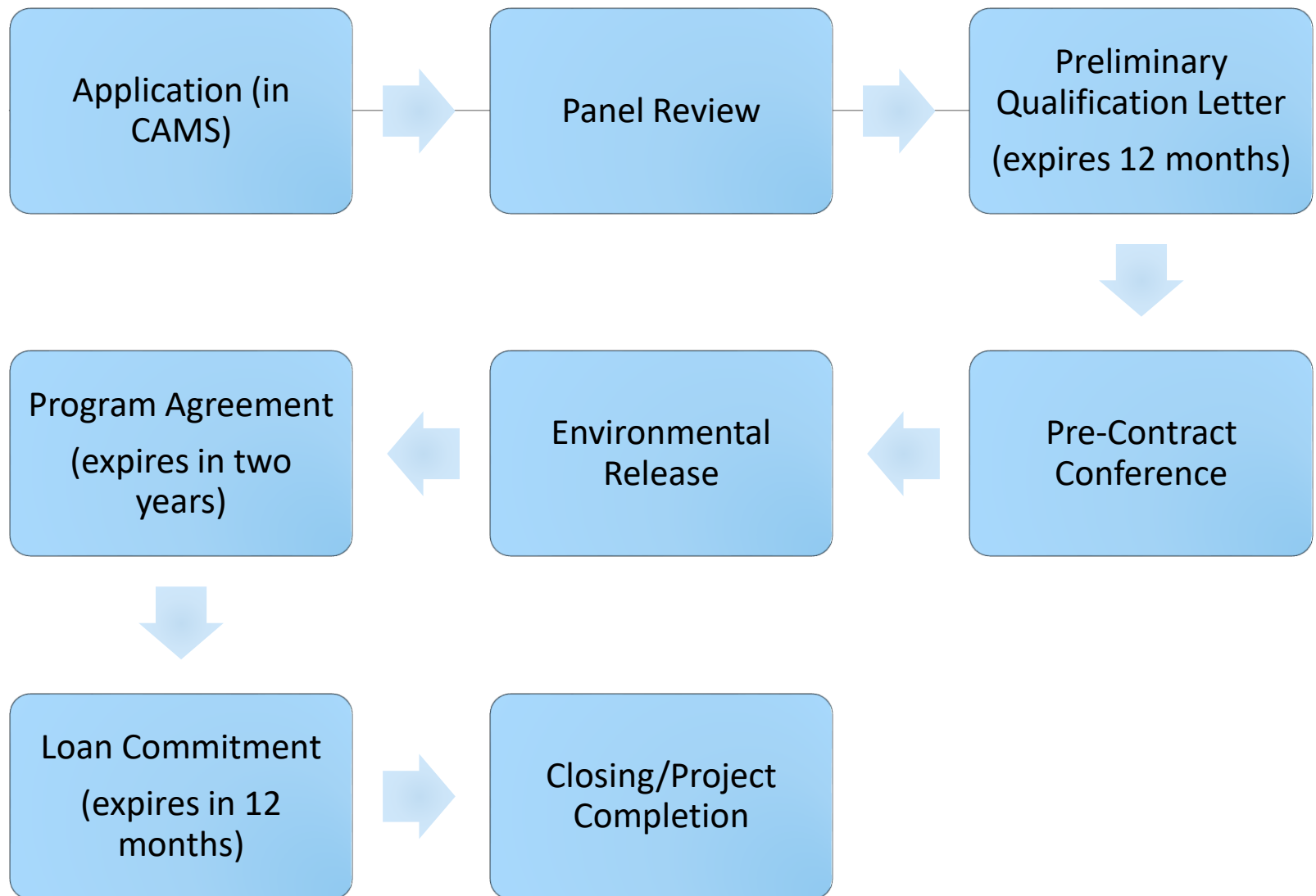
Application submission and review

Preliminary qualification letter (expires in 12 months)

ASNH pre-contract review

Program agreement (once conditions are met –expires in two years)

Loan commitment (expires in 12-24 months)



Application Status

Multiple users can work on, edit and review application materials.

CAMS will save the application as Incomplete. Applicant may return repeatedly to CAMS to work on application.

Please be sure all work on the application is saved in CAMS.

Once the application is submitted the status will change from Incomplete to Pending.

Dates to Remember

Governor's Housing Conference – visit www.dhcd.virginia.gov November 20-22.

Affordable and Special Needs Housing (ASNH) competitions, applications due - October 31st and March 31st

Additional Resources

CHDO Certification/Recertification Requirements:

Are attached in this webinar, materials can also be found on the VA DHCD website

CAMS instructions for profile set-up and application instructions are found attached, and can also be found in the ASNH section of the VA DHCD website

In-Depth Program Guidelines: Can be found on the DHCD website under “Affordable and Special Needs Housing”





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Assistance

For additional assistance please contact a member of the ASNH team:

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